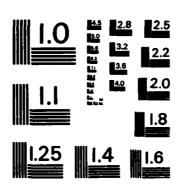
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NAVAL POSTGRADUATE SCHOOL Monterey, California





THESIS

THE SOVIET AND THE FALKLANDS WAR: OPPORTUNITY IN LATIN AMERICA

by

John D. Snively

June 1985

Thesis Advisor:

R. H. Stolfi

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The Soviets and the Falklands War: Opportunity in Latin America

by

John D. Snively Lieutenant, United States Navy B.A., Kent State University, 1976

Submitted in partial fulfillment of the requirements for the degree of

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ABSTRACT

The author presents the thesis that the Soviets were offered an opportunity to increase their influence in Latin America as a result of the 1982 Falkland Islands War. When the Reagan administration announced overt support for Britain in April 1982, Argentina and other Latin American nations reacted in a highly critical manner, thereby indicating an opportunity for the Soviets to increase their influence. Due to many factors however, including the Soviet inability to properly deduce Argentine intentions, and Argentine nationalism, the Soviets were unable to significantly increase their influence in this area.

This thesis examines the historical and political background of the Falklands crisis, and the economic relationship
which existed between the Soviets and the Argentines at that
time. In addition, the Soviet reaction to the conflict is
discussed. The thesis concludes with a presentation of the
author's opinions on the ramifications of the Soviet reaction.

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I. INTRODUCTION

A. A "STRANGE LITTLE WAR"

On Sunday March 28, 1982, the British Ambassador to the United States, Nicholas Henderson, delivered a letter to then U.S. Secretary of State Alexander Haig. The letter was from British Foreign Secretary Lord Carrington, and it was concerned with the landing of a party of Argentinians on a British possession in the South Atlantic, South Georgia Island. It seemed that the Argentine government refused a request either to withdraw these people or "regularize" their presence by reporting with the British authorities. This was seen by the British as a potentially serious problem. The British Foreign Minister requested that Haig bring the matter up with the Argentine government as he feared "grave consequences" if the matter was not solved in the near future. [Ref. 1: pp. 261-2]

This was the first time that the Reagan administration took notice of the situation which was developing in the South Atlantic. Two days later, on the 30th of March, U.S. intelligence gatherers informed the administration that there was an unusually high state of force readiness in Argentina. This information, taken in conjunction with British reports, indicated that the Argentine government probably intended a major military action within 24-48 hours.

This projection proved to be correct as the Argentines landed a force of about 300 marines near Port Stanley, the capital of the Falkland Islands, during the night of 1-2 April. The invasion placed the Reagan administration in a difficult diplomatic position. The fact that Britain was a key NATO ally, made it essential that any policy decision be tempered with the consideration of alliance cohesiveness. This was especially true in light of the campaign to modernize NATO theatre nuclear forces which was going on at that time.

On the other hand, Reagan had to be concerned with not alienating the Argentine government which was still smarting from Carter's human rights policy. In addition, both the United States and Argentina were signatories of the Rio Pact. This treaty was a Western Hemisphere mutual defense pact which called for a nation to go to the aid of another if requested.

The policy which was decided upon in light of these factors was to send Secretary of State Haig on a shuttle diplomacy mission between Buenos Aires and London. Haig's mission, although at times showing promise, was unsuccessful at averting a shooting war. There were three major reasons for the failure of this mission: First, as time went on in April, there was a noticeable rift growing in the Reagan administration. This disagreement was primarily between Haig and United Nations Ambassador Jean Kirkpatrick. The result of this was a perceived lack of coherent U.S. policy by both Buenos Aires and London.

A second reason for the failure of this diplomacy was the lack of flexibility of the Argentine junta, and Haig's inability to fully comprehend the decision making process of the Argentine political system. Finally, Haig failed because the leaders of both nations believed that their governments would fall if they backed down from their original hard line approaches.*

As the British battle group steamed closer to the Falklands, it became more clear that Haig had failed to negotiate a peaceful solution, and that a shooting war was close at hand. On the 30th of April, Haig indeed announced that his efforts had failed, and that the United States was officially backing Great Britain in this situation. The overt announcement of support for Great Britain resulted in vigorous condemnation of U.S. policy not only by Argentina, but by many other Latin American nations as well.

By the time the administration made the announcements on the 30th, the British had already recaptured South Georgia, and had attacked the Argentine submarine Santa Fe. In addition, they had declared that a total exclusion zone around the Falklands would go into effect on the 30th of April. The first actual attacks on the Falklands by British aircraft and naval ships commenced on 1 May. With these attacks on the Falklands

^{*}For a detailed treatment of the shuttle diplomacy mission from Haig's point of view, see <u>Caveat</u>, by Alexander M. Haig Jr., New York: Macmillan Publishing Company, 1984, pp. 261-302.

themselves, this unexpected conflict between two unlikely adversaries was clearly underway.

B. QUESTIONS OF SOVIET REACTION

As the crisis in the South Atlantic developed, and in light of the position taken by the Reagan administration in the matter, the question of Soviet reaction came to the forefront. It would seem that the Reagan administration's decision to back Britain could have provided the Soviets with an opportunity to increase their influence not only in Argentina, but in other areas of Latin America as well. U.S. policy must have been perceived as paradoxical to Latin nations. The Reagan administration had been attempting to improve relations with Latin America, but now in a shooting war confrontation, the U.S. had decided to support an out of hemisphere power.

The purpose of this thesis is to examine Soviet actions and policies which were followed as reactions to the conflict, and this perceived opportunity to increase their influence in a relatively unstable area of the world. This study will be concerned with the political developments in regard to the Falklands conflict rather than the military. The war itself simply created the situation which could have quite possibly resulted in major gains for the Soviets.

This study is divided into four basic discussion topics.

The next section, Chapter II, is a presentation of the basic origins of the Falklands confrontation. It is a historical

presentation of both British and Argentine claims to the islands themselves. The basic issues and framework of the scenario, will provide a foundation for a better understanding of the Soviet reaction.

One of the major reasons that the Soviets could have increased their influence in Argentina during this time, was that they already had their foot in the economic door. At the time of the crisis, the Soviet Union was Argentina's primary trading partner in regard to agricultural products. Chapter III is a discussion of the development of this relationship. The next section, Chapter IV, is concerned with the actual Soviet political reaction to the conflict. It is an in-depth analysis of the Soviet approach, and of the policies followed.

The final portion of this study, Chapter V, ties the background, the economic factors and the political reaction into an overall assessment of Soviet policy during the conflict. Views on why the Soviets followed certain policies will also be presented. The Falklands War, while certainly interesting in a military sense, was also interesting because the potential was there for a superpower confrontation. In the end, however, the superpowers adopted pragmatic approaches to the confrontation which allowed the Falkland conflict to remain the "strange little war" that it was.

II. ORIGINS OF THE CONFLICT

A. EARLY TIMES

"I tarry in this unhappy desert, suffering everything for the love of god." So spoke the Spanish priest Friar Sebastian Villanueva in 1767 from the newly settled Spanish colony on East Falkland Island. It is reflective of the cruel climate and barren geography with which the colonists had to contend. Early tales of the South Atlantic which were brought back to Europe by the explorers were characterized by hardship, shipwreck and an ungodly climate.

The colonial powers were originally interested in the New World for material gain. Therefore, the South Atlantic region, of which the Falklands are a part, was settled at a relatively slower pace. In fact it is difficult to ascertain exactly who discovered the islands. This is in part due to the meager records kept by early sailors.

The Falklands' historian Julius Goebel Jr., maintains that the first navigator to venture into the South Atlantic was Amerigo Vespucci [Ref. 2: p. 3] during his third voyage (about 1501). In a letter which Vespucci wrote at the time, he described sighting a land mass which may have been roughly in the geographical area of the Falklands. The evidence, however, is inconclusive.

There are many reasons why it is difficult to determine who actually first sighted these bleak islands. First, the inaccuracy of the distance estimates made by the early explorers make it difficult to pinpoint exact routes followed. Also, the uncertainty of the exact location of start points for some of the early voyages also contribute to the relative inaccuracy of routes which were followed. Finally, for the most part, early logs did not contain accurate plots of currents, and of how set and drift affected their movement over ground. Such inaccuracies do not allow these reports to stand up to modern methods of navigation analysis.

While the evidence for discovery of the Falklands is inconclusive, it is known who first set foot upon the islands. In 1690 the English sea captain, John Strong, who was sailing to Chile, was driven off course by a violent storm. As a result he ended up off the northern tip of the islands which he recognized from the description of an earlier sighting by Captain Richard Hawkins. Captain Strong reported that the islands contained many good harbors, and that: "We found fresh water in plenty and killed an abundance of geese and ducks. As for wood, there is none." [Ref. 3: p. 2] In addition to some minor exploration, Strong charted the sound between the two major islands, and named it for the First Lord of the Admiralty, Lord Falkland.

A few years later, in 1713, the Treaty of Utrecht formally confirmed Spain's control of her traditional territories, which

included the geographic area of the Falklands, in the New World. Despite the formal confirmation which was given by the treaty, this period was characterized by intense rivalry between the major colonial powers. Spain, Britain and France all at one time or another realized the strategic possibilities of establishing a base or a colony on the Falklands.

The first colony actually established in the Falklands was done so by a French nobleman, Antoine de Bougainville. In 1764, he formally claimed the islands in the name of Louis XV. The Frenchmen landed to the north of the present town of Port Stanley, and established the settlement of Port Louis. Meanwhile, the British, having been warned of the French intentions, launched a similar mission. The Admiralty sent out Commodore John Byron, whose nickname "Foulweather Jack," was indeed appropriate for the area to which he was sailing. On 23 January 1765, Byron landed on West Falkland, and unaware of the French presence on the other island, raised the Union Jack and claimed the islands in the name of George III. Byron named his landing point Port Egmont and sailed away.

A year later, another English officer, Captain John McBride sailed to the Falklands with orders to consolidate Byron's expedition and to eject any foreigners who might question Britain's perceived territorial rights. This time the English did encounter the French at Port Louis. The French however, maintained that they had a properly constituted colony and pointed out that it was the English who should abandon the islands. [Ref. 3: p. 3]

The Spanish, as could be predicted, were not amused by the establishment of these colonies. They perceived these actions by both Britain and France to be gross violations of the Treaty of Utrecht. France, which was considered to be an ally of Spain at this time, respected the Spanish protest and directed Bougainville to turn over Port Louis to the Spanish. This was accomplished on April 1, 1767. Bougainville returned to Paris where he was paid 618,108 pounds by the Spanish government as compensation for establishing the colony. The Spanish renamed the colony Puerto Soledad and appointed Don Ruiz Puente as governor under the Captain General of Buenos Aires.

It took the Spanish a little longer to get around to dealing with the British. In February 1768, however, the King of Spain directed the governor at Buenos Aires to oust the British from the islands. In response to these orders, the governor dispatched the frigate Santa Catalina to Port Egmont with orders to direct the British to leave. When the British refused to leave, the Buenos Aires government sent a force of five warships and 1500 men to force their capitulation. The British did indeed surrender their colony on June 10, 1770. [Ref. 4: p. 275]

The British were furious over this show of force by the Spanish and almost went to war as a result of the situation. Hostilities were avoided however, when the Spanish king apologized, and stated that he disagreed with the violent

manner by which the British had been removed. In addition, the Spanish promised that the colony would be returned to the British with all due formality, with the provision that this was in no way to cast any doubt on Spain's unquestionable sovereignty over the islands.

As a result of this agreement, the British returned to Port Egmont in 1771, but voluntarily abandoned the islands in 1774. The British expedition left behind a plaque which maintained that: "Be it known to all nations that Falkland's Island...are the sole right and property of His Most Sacred Majesty George III, King of Great Britain." [Ref. 3: p. 4] Despite the fact that this plaque has been cited as proof by the British that they have never relinquished their claim to the islands, the suggestion was never even made during this time that the Spanish give up their colony. In fact, on several occasions later on, the British effectively acknowledged Spanish sovereignty over the islands. For example, in 1790, Britain and Spain signed the Nootka Sound Convention by which Britain formally rejected any imperial claims in South America.

During the long controversy which has surrounded the claims to the Falklands, the Argentines have maintained that the failure of the British to pursue their claims when Port Egmont was returned to them was legal recognition of Spanish sovereignty. The fact that the British also abandoned their colony and later signed a formal document denouncing any claims in the area, also contributes to the Argentine argument.

In order to substantiate these claims, in 1820 the newly independent state of the United Provinces of Rio de la Plata (forerunner of Argentina) dispatched a frigate to the islands to claim them as part of the post-colonial legacy from Spain (herein lies the basis of the primary Argentine argument of sovereignty based upon right of inheritance). Colonial Daniel Jewitt, commander of the frigate Heroina, took possession of the islands in the name of the Buenos Aires government.

Buenos Aires appointed its first governor in 1823, and in 1826, the government granted exclusive fishing and colonization rights to a man named Louis Vernet. Ironically enough, Vernet was an English naval officer who had been living in Buenos Aires, and was married to an Argentine woman. In 1829, the Buenos Aires government formally appointed Vernet governor of the islands with full military authority and directions to enforce the orders of the government against foreign seal hunters who were intruding upon the territorial waters.

The sealers however, were unresponsive to Vernet's warnings, and as a consequence, he seized three American vessels. These ships, the <u>Harriet</u>, the <u>Breakwater</u>, and the <u>Superior</u>, were taken over in August 1831. In response to the seizures, Captain Silas Duncan, skipper of the American frigate <u>Lexington</u>, which was in Buenos Aires at the time, accused Vernet of piracy. In addition, Duncan demanded that Vernet be turned over to American authorities for trial. When Buenos Aires refused, Duncan immediately set sail for the Falklands under the pretext of protecting American interests.

Upon arrival Duncan not only recovered the confiscated seal skins, but he also spiked the Argentine guns, blew up their powder depot, sacked their settlements and arrested a number of Argentine citizens. Duncan also declared the islands to be free of any government before he sailed away. In conjunction with Duncan's actions, the United States' charge' d'affaires informed the Buenos Aires government that the United States recognized British sovereignty over the islands.

Not to be easily intimidated, the Argentines dispatched a new governor to the islands, named Juan Mestivier.

Unfortunately for Mestivier, he was murdered upon arrival by the few Argentines which Duncan had left behind (most of these were convicts). [Ref. 3: p. 5]

The British, recognizing an opportunity to reestablish themselves in the area, sent two warships, the <u>Tyne</u>, and the <u>Clio</u> to the islands. These ships arrived at the islands on January 2, 1833 under the command of Captain James Onslow. Upon arrival Onslow ordered the Argentine leader to lower his flag and depart. Outgunned by the British, the Argentines were forced to leave. Although it took the British another six months to hunt down all the Argentine convicts, they finally consolidated their authority and, with the exception of two months during 1982, they have controlled the Falklands ever since.

The attitude of the United States in regard to the British seizure in 1833 has been supportive. When the Argentines appealed to the Monroe Doctrine shortly after the British takeover, the State Department declared that it was not retroactive, and that Britain had presented titles of sovereignty which antedated the Argentine claims. In addition, in 1885 President Cleveland, in his annual address to Congress announced that the Lexington had been fully justified in destroying the Argentine "piratical colony" in the Falklands.

In 1902, the State Department officially listed the Falklands under the possession of Great Britain, thereby rejecting any Argentine claims. In 1938 however, the United States, for diplomatic purposes, reverted to a noncommittal position. This may have been done in order to influence Argentina to side with the U.S. in the coming European war. Indeed, one of the strong baits held out by Hitler to the Argentines as a reward to remain neutral during World War II was the promise to return the Falklands to them after Germany had defeated Britain. [Ref. 4: p. 277]

When the disagreement between Argentina and Great Britain resulted in a shooting war in 1982, the United States once again supported British claims to the islands. Although there were underlying factors such as Reagan's desire to maintain the cohesiveness of the alliance at this time, the main reason given for the support of Britain was that Argentina's April 1982 invasion of the islands was an act of blatant aggression which could not be tolerated by any truly democratic nation.

During the 1982 Falklands crisis, the Soviets vehemently attacked British claims to the islands in order to gain influence not only with Argentina, but with other Latin American countries as well. The Falklands presented the Soviets with a custom made propaganda opportunity based upon this complex historical background. British and Argentine arguments for sovereignty over the islands, as they existed at the time of the conflict shall now be discussed.

B. THE QUESTION OF SOVEREIGNTY

The primary Argentine case for sovereignty over the islands relies on the right of colonial inheritance from Spain. This argument contends that Spain operated a peaceful colony upon the islands from the time it took over Port Louis from de Bougainville in 1767. This transfer, in conjunction with the forced withdrawal of the British in 1770, consolidated Spanish control.

Even though the Spanish abandoned their colony in 1811, the British did not reinstitute their claims. Therefore, the government in Buenos Aires (later to become Argentina), claimed the islands by inheritance in 1820 when it gained its independence. It was only Duncan's act of piracy, the Argentines contend, that allowed the British the opportunity to regain control over the islands in 1833.

The Argentines also argue that during the time that Buenos Aires controlled the islands, that legitimate governors were appointed and official administrative functions were carried out. From the Argentine point of view, these official functions legitimized their sovereignty until the act of piracy was committed by the United States.

While the Argentine case is based upon this inheritance factor, the British case is three-fold. First of all, the British argue that their claim to the islands dates back to 1765 ("Foulweather Jack's" landing), and that they have never allowed their claims to falter. Following this line of reasoning, they contend that the British landing in 1833 simply reasserted these claims. Based upon the historical background presented in the last section, this is the weakest of the three British arguments. An examination of the islands history shows that the British claims have been interrupted, most particularly by voluntarily abandoning their colony in 1774, and by signing the Nootka Sound Convention with Spain in 1790.

The second facet of the British argument lies in the concept of perscription. This concept maintains that possession over a long period of time equates to ownership. In addition, this right to ownership cannot be annulled simply because another power claims possession. In short, might, if applied long enough, makes right. While this argument may not always stand up in the international law arena, the world would certainly be a very interesting place if every nation contended its 150 year-old territorial claims. [Ref. 3: p. 7]

The third part of the British argument is perhaps the strongest as well. It is based upon the principle of self-determination in accordance with the United Nations Charter. Throughout the recent past, and indeed through the 1982 war itself, it has been asserted by the population of the Falklands that it wishes to remain attached to Britain.

The Argentines have argued that anyone can violently takeover a territory, transplant a "friendly" population, and then claim that the people comprising it desire to remain a part of the colonialist power which inserted them in the first place. In addition, the Argentines claim, in a government document published in May 1982, that the British manipulate populations based upon their (British) national interests. As an example of such manipulation, the Argentines cite the case of Diego Garcia Island. In this case, the British evacuated 1,161 natives in order to turn the island over to the United States. Comparing this case to the Falklands case, the Argentines argue, it is easy to see that British foreign policy is fraught with contradiction. [Ref. 5: p. 3]

The Argentines also claimed in their publication, that the "kelpers," as they called the inhabitants, were not British citizens, but simply dependents of a colonial territory. This argument was based upon a law which had been recently passed by the British which did indeed deny full citizenship to the Falklanders. The Argentines argued that since the inhabitants were not British citizens, what right

did they have to determine who had sovereignty over the islands?

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Despite the Argentine approach, it was the self-determination argument which really fueled the British fire to maintain control over the islands. It could also be argued that despite the self-determination issue, the bottom line for British involvement was nationalism and a desire to retain a portion of their rapidly shrinking empire.

In 1959, as a result of the Antarctic Treaty (which demilitarized the area), the British clearly defined the Falkland Island Dependency area. This included the South Sandwich Islands, South Georgia and the Falklands proper. It was these areas which the British formally claimed based upon the above arguments (see Figure 1). Meanwhile, the Argentines saw "recovery" of the Falklands as a matter of deep national pride.

Indeed, Argentine school children are brought up to perceive the "Malvinas" as a part of their nation. These nationalistic motives, on the part of both nations, finally resulted in bloodshed, and the possibility of a superpower confrontation.

C. COUNTDOWN TO CONFLICT

1. Failed Negotiations

Argentina and Britain were actually set on the path toward war by a resolution passed by the United Nations in

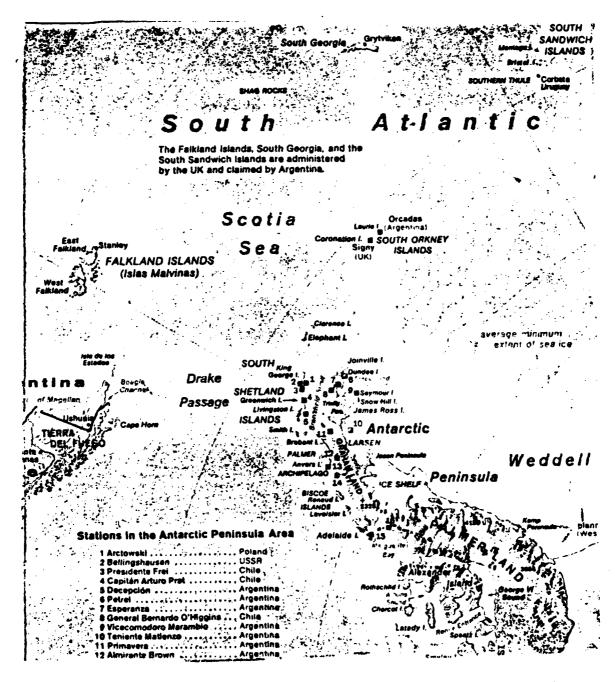


Figure 1. The Falklands Dependency area and surrounding Antarctic lands

December 1965. This resolution, No. 2065, called for the two nations to negotiate a final settlement to their squabble over the Falklands. It was the subsequent seventeen years of unsuccessful negotiations which ultimately resulted in a shooting war. The British argument throughout this period, was aptly voiced by the British representative to the United Nations, Lord Cardon, when he maintained that: "The interests of the inhabitants of these territories are paramount." [Ref. 3: p. 15]

Talks between the two powers during the 1960s were characterized by a prediction on an eventual transfer of sovereignty, and on the part of the British, a strong desire to protect the rights of the islanders. The fact that these issues were highly emotional to both parties was emphasized by an event which took place in September 1966. A group of armed Peronist (nationalist) youth, known as the New Argentina Movement, hijacked a plane and flew it to Port Stanley. Upon arrival, they landed on a race track (there was no airstrip), and "arrested" two British officials. Their exploit was thwarted however, as the plane sank into the soft ground, and they were rounded up by British marines. [Ref. 3: p. 17]

This event pointed out to the British the ease in which a surprise invasion could be initiated from the mainland. In addition, this event clearly displayed the difficulty which Britain would encounter in defending the islands from such an invasion. As a result of this event, the British increased

their marine force to forty men, and had to consider the possibility that British warships would have to be diverted in the event of an Argentine military operation.

The negotiations between the two nations continued into the 1970s with no agreement having been reached. Finally, in 1971, the Communications Agreement, which was to become the highpoint of the negotiations, was accepted. This agreement maintained that the British would build an airstrip, and provide a new shipping link to the islands, if the Argentines would provide the air service. There was a disagreement between the two powers on the status of the flights. To the Argentines, the flights would be considered "internal," while the British considered them to be "international." It was disagreements like this, even within the context of a larger agreement, which characterized the negotiations. The British were determined not to give an inch in regard to sovereignty.

Although the Communications Agreement may have been signed in good faith, it was destined not to achieve its designed fruition. Initially, the problem was that the British representatives who negotiated the agreement, failed to ensure that the required funds were available from the Treasury. This lack of funds precluded the promised establishment of an additional sea link, and construction of the airstrip by the British.

The Argentines, as might be expected, offered to build the airstrip themselves, and a temporary one was indeed

constructed in 1972. By then however, the British were having serious second thoughts about the construction of an airstrip in the first place. The construction of a larger facility would certainly aid the Argentines in the event of an invasion.

Another factor which complicated the negotiation process was the return to power of Peron in 1973. Up until 1972, the military regime of General Ogania, had been characterized by stability. The return of Peron from exile in Spain in 1972, contributed immensely to Ogania's demise. Peron brought with him to power the strident fascist nationalism which had characterized his previous regime. His return to power, heightened British concerns over an invasion stimulated by this nationalism.

Between 1972 and 1976, the relationship between Britain and Argentina in regard to the Falklands issue deteriorated. This was the result of the inability of the two governments to agree on any substantial issue. In addition, governmental instability in Argentina reached a climax in 1976 with the overthrow of Isabella Peron (who had taken over for her dead husband) in a military coup.

Late in 1976, an event took place which could have provided British with rationale for ending all negotiations with the Argentines, and adopting a hard line in regard to the sovereignty question. During that year, the Argentine navy landed 50 technicians on Southern Thule Island in the South Sandwich Group. Although this was officially denied by

the Argentines, ham radio operators confirmed the landing shortly after it took place. [Ref. 3: p. 32] Despite the ultimate failure of the Communications Agreement, the landing at South Thule and other incidents which hampered the chances for agreement, the British decided to carry on the negotiations.

Although the British may imply in their writings that they carried on these negotiations to secure the best possible deal for the islanders, there seems to be other reasons as well. The British had been directed by the United Nations to come to an agreement on the issue. If they simply pulled out of the negotiations, their relationship with the United Nations would surely deteriorate. In addition, the topic of colonialism was hot at the time. If they pulled out of the negotiations, they would certainly have to be concerned about the effects of negative Third World public opinion. Indeed, in 1982, the Soviets took the neocolonialism propaganda tack in an effort to increase their influence in Latin America.

In November 1977, British intelligence officers were convinced that the Argentines were preparing for another mission which similar to the South Thule expedition. In response to this belief, the British diverted two frigates and a submarine from Caribbean operations to the Falklands area. Although the Argentines did not make a move at this time, this incident illustrates the sensitivity with which the British viewed the Falkland situation at that time.

Upon assuming office in May 1979, Margaret Thatcher was faced with striking a balance between the different wings of her party in regard to forming a government. This was especially true in regard to her appointments to the Foreign Office. Her third nomination to this office, Nicholas Ridley, brought with him a desire to: "sort this one [the Falklands] out once and for all." [Ref. 3: p. 39]

He believed that the British must display some momentum in regard to a settlement in order to preclude an all out conflict. He reviewed the main options for settlement which included: a freeze on sovereignty, but not on economic talks; a joint Anglo-Argentine sovereignty; and a complete transfer of sovereignty to Argentina with a "leaseback" to Britain. Since the first option was unacceptable to the Argentines, and the second unacceptable to the British themselves, Ridley began to work out the leaseback option.

A major problem which was encountered during the discussion of this option was how long the term of leaseback should be. Was 99 years long enough, or should it be 999 years? Commons finally put an end to this controversy by formally voting for a freeze on all negotiations with the exception of the economic. In February 1981, Ridley journeyed to New York to once again discuss the matter with his Argentine counterpart. At this meeting Ridley suggested that the Argentines turn their emphasis to the islanders themselves, as their desires would have to key any political settlement.

In addition to the British refusal to negotiate a political solution, other signals which they sent to the Argentines were important to the development of the scenario which ultimately resulted in the Argentine seizure of the islands. The misinterpretation of political signals between two different political systems can result in war. In the case of the Falklands this was especially true.

In 1981, the British announced their intention to withdraw the ice-patrol ship Endurance from the South Atlantic at the end of her 1981-82 tour. This ship was the only formal British naval presence in the area. Despite that fact, Endurance was earmarked to become a reduction in the defense budget. Although the British decision to withdraw this highly symbolic unit was certainly not a disengagement from the South Atlantic, it was interpreted as such by the Argentines. Indeed, on the day the decision was announced, the Argentines contacted the British and asked them if this meant that they were "climbing down over the South Atlantic." [Ref. 3: p. 43] The British response was a vehement "no." Despite this response, the Argentines interpreted the shelving of the ship as a lack of British determination.

Another signal was sent to the Argentines by the passage of the British Nationalities Bill. This bill, which was actually aimed at regulating racial migrations to the U.K., primarily from Hong Kong, resulted in a number of compromises in both British houses. Unfortunately for the Falklanders,

the final version deprived a great number of them of full British citizenship, and therefore the capability of migrating to Britain proper. The Argentine reaction to this bill could have been anticipated. For years the British had been arguing their concern for the rights of the islanders. Yet in 1981, a bill was passed by the British which excluded a large portion of the islanders from full citizenship. It seemed to the Argentines that the British were finally losing interest and determination to carry out their policies in the South Atlantic.

2. Argentine Misperceptions

The failure of the negotiations, in conjunction with these British signals, opened the way for a very unstable Argentine polity to decide upon a military option. The instability within the Argentine leadership was characterized by two leadership changes in 1981. In March, the Videla regime, which had ruled the Argentine military government since 1976, fell victim to its own economic policies, and Videla resigned. He was replaced by a former army commander, General Roberto Viola. His regime was to be short-lived. Indeed, political unrest, in conjunction with a redistribution of junta members, resulted in his replacement with General Leopoldo Galtieri in December.

Galtieri brought with him to power a strong desire to regain the Falklands. In fact, it was known that he wanted to regain them for Argentina prior to 1983, which was the 150th anniversary of the British "takeover." In addition, he

felt that civilian politicians stood in the way of not only the Falklands recovery, but of Argentina's destiny as well. Galtieri once boasted that: "the ballot boxes are well stored away and they will remain well stored away." [Ref. 6: p. 32] This statement is indicative of the right wing nationalistic attitude which Galtieri brought with him to office. This attitude was further exemplified by such statements as: "We don't want to be a country, we want to be a great country." [Ref. 6: p. 32]

Another factor which contributed to the Argentine invasion decision, was the misinterpretation of signals from the Reagan administration. Reagan had reversed Carter's human rights policy toward Argentina and was trying to work closely with the junta. Jean Kirkpatrick had singled out Argentina as an example of a friendly authoritarian regime which could assist the United States in fighting the spread of communism in Latin America. In fact, Argentina was being used as a training ground for rebels who were then sent to Nicaragua to fight the Sandinistas. [Ref. 6: p. 31]

Further signals of U.S. support to Galtieri's policies were conveyed by U.S. military visitors. Due to the nature of the Argentine military government, the attitudes purveyed by the Pentagon were decisive in their perception of who runs the United States. Therefore when U.S. military personnel displayed sympathetic attitudes toward their Argentine counterparts during discussions about "recuperating"

the Falklands, the Argentines perceived U.S. support. [Ref.7: p. 12] In addition, since Galtieri had supported Reagan's policies in the Caribbean, he strongly believed that Reagan would help convince the British to transfer sovereignty to Argentina.

Although the Reagan administration may have sent confusing signals to the Argentines in regard to possible support for military action in recovering the islands, there are two basic reasons for the Argentine misconception of U.S. intentions. First, the Argentines were concerned only with regional interests, while the United States must regard regional interests within the overall framework of complex global interests. Therefore, issues such as NATO cohesiveness could take priority over a conflict such as the Falklands War. Second, there existed immense differences in the political cultures of the two nations. Argentina did not have a recent history of democracy, and as a result of this, the military government could perceive "signals" from the Pentagon as official U.S. policy. In addition, as Haig found out during his shuttle diplomacy, basic cultural differences between the United States and Argentina resulted in misunderstandings and an inability to solve the conflict in a peaceful manner.

In summary then, there were three basic motivations which drove the junta to take military action: First, the Argentines were frustrated with many long years of fruitless negotiations with the British. Second, Galtieri brought with

him to power a nationalistic attitude and a desire to expand Argentina's strategic influence in the South Atlantic (a Falklands recovery would strengthen Argentine claims in regard to their Antarctic claims). In addition, when Galtieri assumed power in December 1981, the Argentine economy was a disaster. By activating these nationalistic feelings, he hoped to change the focus of the population from the domestic to the international. Finally, Galtieri decided that the time for invasion was right due to his misinterpretation of signals sent by both Britain and the United States. These factors resulted in the Argentine decision to invade the Falklands in April 1982.

As the crisis developed into a shooting war, the long colonial history of the Falklands allowed the Soviets to embark on an intense anti-imperialist propaganda campaign against Britain and the United States. The Reagan administration was hopeful that Soviet propaganda was the only weapon which the Soviets would utilize during the crisis. The fact that Argentina and the Soviet Union were already strong trading partners, and the fact that Reagan came out decisively on the British side, were factors which could have resulted in a more complex conflict. The next chapter examines the Argentine/Soviet economic relationship, and its implications for greater Soviet involvement in the crisis.

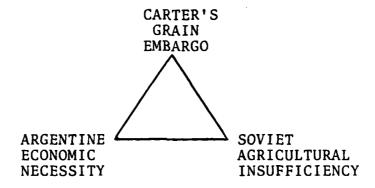
III. THE ECONOMIC LINK

A. A SIGNIFICANT RELATIONSHIP

One of the primary reasons for the belief that the Falkland conflict afforded the Soviet Union an opportunity to increase its influence with Argentina was the fact that at the time of the conflict, a significant economic relationship existed between Argentina and the Soviet Union. If the Soviets were able to politicize this relationship, then the Reagan administration would find itself in a more difficult position. Reagan would then not only have to continue his precarious balancing act between Britain and the Latin American countries, but he would have also have to deal with increased Soviet involvement. The extent to which the Soviets would involve themselves, if they had the opportunity, was an unknown factor at the outset of the crisis.

It will be argued in this chapter that the development of the economic relationship between the Soviet Union and Argentina was the result of a "triangular effect." The first side of the triangle resulted from President Carter's institution of a grain embargo against the Soviet Union in 1980. The Argentines, for reasons which included a negative response to Carter's earlier policies toward them, and ineffective diplomatic maneuvers by the U.S. State Department, declined to join the embargo.

The second side of the triangle was the poor condition of the Argentine economy at that time, and the need to export grain in an attempt to improve this economic condition. The third side of the triangle resulted from the inability of the Soviets to be self sufficient in grain production. The interaction of these three factors resulted in the Soviets buying 70 percent of Argentine food exports by June 1982. [Ref. 8: p. 54]



Each of these factors will be discussed in detail in this chapter. In addition, an overall assessment of the relationship will be presented.

B. CARTER'S BOYCOTT: THE CORNERSTONE

U.S. grain trade relations, an agreement was signed in 1975.
This agreement specified that the Soviet Union would,
beginning in October 1976, buy at least 6 million tons of
U.S. grain products in each of the next 5 subsequent years.
In addition the Soviets could buy up to 8 million tons without
further consultation with the U.S. Government. Purchases in

excess of this amount however, required U.S. governmental permission. The following table traces the development of Soviet-U.S. grain trade patterns during this five year period (in millions of tons): [Ref. 9: pp. 190-91]

TABLE I

USSR GRAIN PRODUCTION AND TRADE 1975-81

| YEAR (July-June) | PRODUCTION | TOTAL NET IMPORTS | IMPORTS FROM U.S. |
|---------------------|------------|-------------------|----------------------|
| 1975-76 | 140.1 | 25.4 | 13.9 |
| 1976-77 | 223.8 | 7.7 | 7.4 |
| 1977-78 | 195.7 | 16.8 | 12.5 |
| 1978-79 | 237.4 | 12.8 | 11.2 |
| 1979-80 | 179.2 | 30.2 | 15.2 |
| 1980-81 | 189.2 | 34.0 | 8.0 |
| | | | _ |

[Ref. 9: pp. 190-91]

As Table I indicates, U.S. grain exports, although tempered by yearly Soviet production levels, were clearly on the increase during the 1975-1980 period. This tendency came to an abrupt halt however, in 1980, as the direct result of the December 1979 Soviet invasion of Afghanistan. The attack, which took place on Christmas Eve, invoked anger in President Carter, and resulted in the consideration of several policy options.

In general, there were three areas of policy options which were discussed by the White House: (1) do nothing; (2) resort to military action; or (3) invoke economic and political sanctions against the Soviet Union. The first option, to do nothing, was not particularly appealing to President Carter. Due to developments during his administration, and his responses to them, he was being perceived more and more by the American public as not being a decisive leader. The hostage crisis in Iran, and the Soviet invasion of Afghanistan, are examples of situations which resulted in his declining popularity. [Ref. 9: p. 195]

A military response was considered to be a non-option as well. Still seeing this overt example of Soviet expansionism as an opportunity to take decisive action, Carter directed that research be done by government agencies on the effects of certain boycotts upon the Soviet Union. Among the options available to Carter was the institution of a grain embargo. Initial estimates by the CIA indicated that if Moscow was denied the remaining 21 million tons of grain which they had contracted for during the 1979-80 production year, that Soviet meat production could be cut by 20 percent. The CIA estimated that the 21 million tons, which were mostly feed grains for animals, equated to roughly 3 million tons of meat. [Ref. 9: p. 193]

In direct conflict to these figures, were the estimates which were given to Vice-President Mondale on 2 January 1980,

by the United States Department of Agriculture. These figures indicated that, if the 8 million ton minimum was honored, then 17 million tons of grain would be withheld from the Soviets, and that this would result in 1-3 percent decrease in Soviet meat production during 1980. [Ref. 9: p. 193]

Despite the discrepancy in estimates between the two government agencies, Carter decided to go ahead with the embargo on 2 January 1980. The final decision was to honor the delivery of the 8 million tons as required by the 1975 agreement, and withhold the additional 17 million tons which the Soviets had contracted for during that production year. President Carter announced his intention to institute the embargo on 4 January 1984.

The success or failure of an embargo as a diplomatic tool to either influence or punish another state depends upon the extent to which that state can be hurt. If the United States had held a monopoly in the total amount of grain traded in the world, then the embargo could have quite possibly been a successful policy instrument. The United States, although holding a substantial edge in the amount of grain traded, certainly did not hold a monopoly in this area. During 1978-79, the United States had accounted for 45 percent of the 72 million tons of wheat traded worldwide. Canada, Argentina and Australia accounted for a third. During this same time period, the United States produced two/thirds of the world's course grain trade, while the other three competitors accounted for less than one/fifth. [Ref. 9: p. 195]

In light of the above information, it becomes clear that the institution of a successful grain boycott must include the cooperation of the other major producers. When Carter announced the boycott on 4 January, he demonstrated that he understood the need for this cooperation when he stated that:

After consultation with other principal grain exporting nations, I am confident that they will not replace these quantities of grain by additional shipments to the Soviet Union. [Ref. 10: p.2]

The above statement would seem to indicate that deals had been struck, or at least discussed with the large grain producers. This should have been especially true of Argentina, the world's second leading coarse grain exporter. The evidence however, does not support this assumption. The USDA actually began trying to contact officials of the other grain producing nations at 6PM on the 4th of January, a mere 3 hours before President Carter went on national TV to make his announcement. [Ref. 9: p. 196]

The Argentines, already unhappy with Carter's human rights policy toward them, were not amused when they found out about the boycott the next day in the newspapers. Argentine government offices were closed on the 4th of January for a holiday and no high officials could be reached. The Argentines then officially announced on 10 January 1980 that they had no intention of going along with the embargo.

The question that must be addressed is that if the Carter administration had handled the Argentines in a more diplomatic

manner, would they have been more inclined to cooperate?

Although it is difficult to judge in light of the rocky relationship which existed at that time between the U.S. and Argentina, a more diplomatic approach might have been more effective. By not approaching the Argentines in a diplomatic manner before the fact, the Carter administration only added insult to an already existing injury.

Another factor which complicated Carter's boycott policy was that when the other leading grain producers such as Australia and Canada, observed the way the Argentines were moving into Soviet markets, they decided to go for a piece of the action themselves. Although these two nations had initially agreed to support the boycott, the amount of grain supplied by them to the Soviet Union during 1979-80 was double their average for the previous 7 years. [Ref. 9: pp. 197-98]

In 1980 the Soviets and the Argentines signed some large agricultural trade agreements. Within the context of these agreements the Soviets would buy at least 4 million tons of maize and sorghum and 500,000 tons of soybeans each year.

[Ref. 11: p. 51] These trade deals were signed despite the Argentine junta's basic anti-communist stance, and by 1981, the Soviet Union was purchasing nearly 70 percent of Argentina's agricultural exports. In an attempt to politicize this relationship, the Soviets offered to sell nuclear fuel to the Argentines during the last few months of the Carter

administration. [Ref. 8: p. 54] Galtieri however, desired to keep the relationship between the Soviet Union at the economic level, and did not allow the development of close political ties.

In summary then, the institution of the grain embargo by President Carter allowed the Argentines the opportunity to develop and expand an economic relationship with the Soviet Union. The failure of Argentina to support the embargo, and the less than enthusiastic support of other major grain producers, resulted in an ineffective effort by the United States. In fact, Soviet livestock numbers at the beginning of 1982 were about the same as before the embargo. [Ref. 9: p. 200] The second side of the triangle, the condition of the Argentine economy, shall now be discussed.

C. THE ARGENTINE ECONOMY: NECESSITY

If the grain embargo provided the opportunity for the Argentine's to move into Soviet markets, then the state of their economy at the time provided the impetus. In fact, the poor condition of the Argentine economy was a factor in Galtieri's decision to invade the Falkland Islands. He had hoped, that the invasion would change the focus of the Argentine people away from the economy. While the Falkland crisis certainly raised the level of nationalistic feeling in Argentina, it provided no beneficial effects for the economy.

When the military generals and admirals overthrew Isabella Peron in March 1976, they promised to end the red hot inflation and institute a workable economic program which would result in real improvements. As time went on however, it became clear that the junta was much more successful at curbing opposition then at implementing workable economic programs.

The plan which was initially adopted, under then Economy Minister Jose Alfredo Martinez de Hoz, was fairly liberal. This plan was characterized by a return to a free-market economy, a reduction in trade barriers and an artificially high peso. The key to this program was reduced government spending. de Hoz however, never received the support that he needed in this area, and by 1980, the Argentine economy was in real trouble. The trade deficit in 1980 was 2.5 billion dollars and the foreign debt topped 27 billion dollars. [Ref. 11: p. 52]

An example of the Government's failure to significantly cut their budget can be found in the area of defense. As Table II indicates, the junta actually increased defense expenditures until a small cut was made in 1979. This failure of the government to curb spending was one of the major reasons for the failure of the Argentine economic program.

Another reason for the failure of the program was the "side effects" of the artificially high peso. The value of

TABLE II

ARGENTINE MILITARY EXPENDITURES

| YEAR | EXPENDITURES (millions of constant 1981 dollars) | PERCENT CHANGE |
|------|--|-------------------|
| 1976 | 2863 | +.11 |
| 1977 | 3134 | +.09 |
| 1978 | 3381 | +.07 |
| 1979 | 3285 | 02 |

[Ref. 12: p. 17]

the peso allowed hundreds of thousands of Argentines to go on spending binges abroad. The result of this was that Argentine money was being lost in large quantities in an external manner rather than being invested in the country itself. In addition the value of the peso gave potential investors a distorted view of the economy.

In order to allow the development of a more realistic approach to the world market, the peso was finally devalued in 1981. These artificial controls, in conjunction with the failure of the government to cooperate with their economic policies set the stage for the chronic illness of the Argentine economy which developed in the early 1980s.

A lack of stability was one of the foremost characteristics of the Argentine economy. This instability is best exemplified in the following table:

TABLE III

ANNUAL GROWTH RATES GROSS DOMESTIC PRODUCT

| YEAR: | | | 1978 | | | 1981 | · |
|-----------------|------|-----|------|-----|---------|---------|-----------|
| PERCENT CHANGE: | -0.5 | 6.4 | -3.4 | 7.1 | 1.4 | -6.1 | |
| | | | | | [Dof 17 | . n 701 | |

The data presented in Table III vividly documents the inherent inconsistency of the Argentine economy. The lack of a stable growth rate is also indicative of internal policy failure.

This failure of the junta's overall economic policy is also exemplified by an examination of other aspects of the economy. For example, the large trade deficit mentioned above is the result of the type of goods which Argentina was importing, while they were exporting large quantities of basic agricultural goods. In the late 1970s and early 1980s the Argentines were importing the following types of goods from the United States: organic chemicals, rubber and plastic materials, aircraft, civil engineer and contractors equipment, industrial machinery and auxiliary equipment and internal combustion reciprocating engines and parts. [Ref. 14: p. 2]

This tendency to import finished products, while exporting basic agricultural products such as the grain to the Soviet Union is typical of north-south trade patterns. The Argentines did have a comparative advantage in the agricultural area, but not in the more industrialized sectors. When the

government decided to lower trade barriers and allow
Argentine industry to compete on an even basis, the results
were not satisfactory. The Argentines found that demand for
their manufactured products was not high, and that they could
really not compete with their more industrialized northern
neighbors. This phenomenon was true in both external and
internal markets.

The economic hardships of the late 1970s and early 1980s were also exemplified by high commercial bank interest rates and runaway inflation. For example by 1981 interest rates were 84.3 percent, and by 1982 they were 103.3 percent.

Consumer inflation rates were no better during this period.

By 1981 the rate was 231.3 percent, and by 1982 it was 716.3 percent. The rate of increase here from 1981 to 1982 is a massive 209.7 percent. [Ref. 14: p. 2]

All of the data mentioned above, indicate a failure on the part of the junta to institute and implement an effective economic program. The one bright note in this gloomy economic picture was the performance of the agricultural sector in 1981. In fact, this sector was the only goods-producing activity which managed to increase its product during that year. This sector increased its product by more than 3 percent due to a 7 percent rise in crop farm production, and only a 1 percent drop in that of the stock-raising subsector. The improvement in this sector is noted in Table IV:

TABLE IV

ARGENTINE AGRICULTURAL PRODUCTION
(growth rate percent)

| YEAR: | 1978 | 1979 | 1980 | 1981 | |
|-----------------------------------|------|------|------|------|--|
| GROSS AGRICULTURAL PRODUCT: | 1.3 | 4.1 | -5.6 | 3.1 | |
| CROP FARMING: | 2.9 | 6.3 | -4.3 | 7.0 | |
| STOCK- RAISING: | | 0.7 | -6.8 | -1.2 | |
| | | | | | |

[Ref. 13: p. 83]

The overall growth of the crop farming sector was uneven. The production of cereals and pulses expanded, while harvests in other areas such as fruit were down. Two of the major reasons for the growth of the cereal sector were the weather, which was favorable for high yields, and better demand (due in part to agreements with the Soviets), which resulted in larger areas being cultivated. In general, relative prices favored the production of grains for export more than the raising of livestock. [Ref. 13: p. 83]

In summary then, the Argentine economy, was in a state of severe recession during the time just prior to the Falkland Island War. The junta's economic policy had resulted in a slowdown in almost all sectors of the economy. In addition, inflation and interest rates were resulting in

substantial financial problems for the Argentine population. The Argentine decision to deal with the Soviets, and not to support the Carter grain embargo, seems the prudent choice from their point of view. Indeed, the trade agreements struck between the Soviets and the Argentines in 1980 and 1981, and the resultant demand for Argentine grain at relatively good prices, were one of the major reasons for the growth of the crop farming sector in 1981.

At this point, two of the three major factors which resulted in the Soviet/Argentine economic relationship have been discussed. The third factor, the incapability of the Soviets to meet their own grain demands shall now be discussed.

D. THE SOVIET INSUFFICIENCY

Even though the grain embargo allowed the Argentines to utilize their grain production capability, the trade relationship would not have developed without the need for the product on the part of the Soviet Union. How is it that one of the world's superpowers is unable to feed itself? One American farmer can produce enough food to feed himself and 49 others, whereas a Soviet peasant can barely feed himself and 4 others. This difference has been explained mostly by the superior efficiency of the American worker. [Ref. 15: p.64]

Regardless of such comparisons, the Soviet lot in regard to grain production has not been good. Even before the Russian Revolution, between 1909 and 1913, Russian grain exports averaged 11 million metric tons annually. This accounted for 30 percent of the world's grain exports and made Russia the leading exporter. Since the Russian Revolution however, Soviet grain exports have never exceeded 7.8 million tons a year. This phenomenon holds despite the invention of more efficient farm machinery, and the development of pesticides. [Ref. 15: p. 63]

Another comparison of the relative inefficiency of the Soviet agricultural sector can be seen by examining the percentage of the Soviet population engaged in agriculture with the percentage in the United States. Over 20 percent of the Soviet work force is engaged in agriculture while only 1-3 percent of the U.S. work force is involved. While these figures indicate that efficiency is a very important factor, it is not the only one. [Ref. 15: p. 64]

Throughout most of Russian history, political unrest among the population can be related to the quality of life. Domestic pressures to improve the Soviet lifestyle resulted in Soviet leaders deciding to improve the average diet in the early 1970s. Diet improvement entailed an increase in the amount of protein, and hence to a significant degree, the amount of meat, consumed.

The desire to increase meat consumption found the Soviet agricultural infrastructure lacking. This resulted in a substantial increase in Soviet meat imports. This increase is exemplified in the following table:

TABLE V

SOVIET MEAT PRODUCT IMPORTS (thousand metric tons)

| YEAR | <u>IMPORTS</u> | | | | |
|------|----------------|--|--|--|--|
| 1971 | 225 | | | | |
| 1972 | 134 | | | | |
| 1973 | 129 | | | | |
| 1974 | 515 | | | | |
| 1975 | 515 | | | | |
| 1976 | 361 | | | | |
| 1977 | 617 | | | | |
| 1978 | 183 | | | | |
| 1979 | 386 | | | | |
| 1980 | 576 | | | | |
| 1981 | 980 | | | | |
| | | | | | |

[Ret. 15: p. 66]

Despite the fluctuations, the increase of imported meat products between 1971 and 1981 is quite obvious. With an increase in the amount of meat required, there is also a need to build the size of the stock herds. Larger herds, of course, mean a greater need for feed grains. The question comes up then, just how prepared is the Soviet Union to meet these demands.

In a geographical sense, the Soviet Union is located too far north and east. This poor location results in a northern continental climate. This means that although thousands of square miles are available for grain production, only a small fraction of the area has a growing season which is long enough. Most of the Soviet Union's black-earth region, the Ukraine, is located on about the same latitude as southern Canada. The Ukraine however, seems to be subject to more extremes in the weather, such as drought. For example, between 1979 and 1982, there was inadequate moisture in this area. In addition to a lack of efficiency then, poor geographic location contributes to the inability of the Soviets to produce enough grain. [Ref. 15: p. 68]

The problems that the Soviets face have resulted in a general decline in the growth rate of the Soviet agricultural sector since the 1965-70 time period:

TABLE VI

ANNUAL AVERAGE RATE OF GROWTH

(in percent)

| AGRICULTURAL OUTPUT: | 1965-1970 | 1970-1975 | 1975-1980 |
|----------------------|-----------|-----------|-----------|
| SOVIET FIGURES | 3.9 | 2.5 | 1.7 |
| CIA FIGURES | 3.6 | 2.2 | 1.4 |
| | | | |

[Ref. 16: p. 35]

This decline can also be exemplified by contrasting annual planned growth rates with the actual rates. For example, in 1979 the planned agricultural growth rate was 5.8 percent while the actual was -4.0 percent. In 1980, the planned rate

was 8.8 percent while the actual rate was -3.0. [Ref. 17: p. 157]

Another indicator of the agricultural slowdown is that the Soviet GNP rose at an annual rate of only 1.2 percent per year from 1970 to 1980. The slow overall growth of the GNP can only be partially attributed to bad harvests in 1979-80. Other sectors of the Soviet economy also fared more poorly than usual. [Ref. 18: p. 218]

This slowdown in the Soviet agricultural sector resulted in more Soviet dependence upon foodstuff imports. This dependence seems strange for two reasons: First, despite sharp fluctuations, agricultural production was still growing faster than the population: an average increase of 1.7 percent compared to 0.8-0.9 percent population growth. Second, the Soviet Union contained at this time only 6 percent of the world's population, and was accounting for about 11-12 percent of the agricultural production. [Ref. 17: p. 159] In view of these factors, it seems contradictory to maintain that the Soviet Union was heavily dependent upon imported foodstuffs during this period.

With the Soviets advertising that they produce a large percentage of the world's grain, and that this production is a victory for socialism, it could be assumed that a demand increase could be handled by internal sources. This however, was not the case. The fact that the Soviets were unable to meet their requirements is indicative of several things:

First, the Soviets have a tendency to overstate their statistics in order for their system to appear productive in the eyes of the Third World. For example, in regard to grain harvests, they do not make deductions for moisture and impurities, which, together can add up to at least 15 percent of the production weight. Second, the concept of inefficiency surfaces again. The Soviets are particularly inept in the area of feed grain utilization in regard to meat and milk production. On the average it requires more than 12kg of feed to produce 1kg of beef. These figures are double those in the West. With this inefficiency in regard to grain usage, the Soviets cannot come close to meeting their requirements from domestic sources. [Ref. 17: p. 159]

Other reasons for the Soviet's inability to meet their own requirements can be found by examining their agricultural infrastructure. During a speech in 1981 to the Plenary Session of the Central Committee of the Soviet Communist Party, Brezhnev made some pragmatic observations. He admitted that the entire pattern of Soviet agricultural investment had been for the most part, counter-productive. [Ref. 15: p. 81] Prior investment had resulted in the construction of huge grain elevators and storage facilities at long distances from the actual farms themselves. This situation forced the Soviets to transport their grain and dairy products sometimes over hundreds of miles of poor roads. This resulted in tremendous waste and spoilage.

Brezhnev maintained that smaller storage and processing facilities should be constructed in close proximity to the actual production areas. In addition, he insisted on the implementation of an effective road construction program.

[Ref. 15: p. 82] This long overdue pragmatic assessment of the Soviet infrastructure was definately needed if real improvements are to be made. The lack of flexibility in the Soviet economy had for years bred inefficiency, and prevented much needed change.

The defects in the infrastructure that are mentioned above, have resulted in the creation of "bottlenecks." These bottlenecks exist in the harvesting, transporting, storage and processing of the agricultural products. A study conducted by the USSR State Planning Commission's research institute in 1978 concluded that, these bottlenecks were responsible for the loss of 35-40 million tons of grain, 3 million tons of potatoes and up to 8 million tons of sugar beets. In view of statistics like this, it is obvious that an extensive overhaul of the Soviet agricultural infrastructure was required. [Ref. 17: p. 159]

Other factors also contributed to the Soviet agricultural slowdown during this period. The continuation of the arms race with the United States did not help the agricultural sector, as more capital was funneled off into the military and industrial areas. Soviet policies which have a higher priority then the agricultural infrastructure, deprive the sector of much needed developmental funds.

In conclusion it can be asserted that there are many factors which result in Soviet dependence upon foodstuff imports. These factors include inefficiency, poor climate and defects in the Soviet infrastructure.

All three factors which resulted in the Soviet Union becoming Argentina's largest trading partner in the early 1980s have now been examined. An overall assessment of this economic relationship will now be presented.

E. OVERALL ASSESSMENT

In general, it can be concluded that the economic relationship between the Soviet Union and Argentina came about, not through some politically motivated set of circumstances, but as the result of some basic economic principles. Prior to the Carter grain embargo, the United States had been a major source of Soviet feed grain. With the institution of the grain embargo, this market came open. The Argentines moved into this available market for two reasons. One reason was the lack of diplomacy displayed by the Carter administration in its dealings with the Argentines at the outset of the embargo. The second, and more important reason, is also the second side of the triangle model. Years of mismanagement of the Argentine economy by the junta, had created an economic fiasco. In view of the poor condition of the Argentine economy, it was only logical for the leadership to move into markets in which they held a comparative advantage. The third side of the triangle, the inability of the Soviets to meet their own feed grain requirements, completes the Falklands economic model. As mentioned in the portion of this chapter on the Soviet economy, there are many reasons for this shortcoming. There were also no easy answers available to the Soviets at the time. In order to improve their production capabilities, drastic improvements to the economic infrastructure were needed. In addition, problems among the workers such as alcoholism disrupted planned production quotas.

In view of the development of this economic relationship, and the political nature of the Falklands conflict, another question needs to be addressed. This question pertains to whether or not the Soviets would attempt to politicize the relationship in order to increase their influence not only in Argentina, but in other areas of Latin America as well. In regard to this question, the inherent differences in the type and attitudes of the governments were extremely important. Galtieri never allowed the Soviets to exert influence over Argentina as the result of the economic relationship. In this sense, he adopted a pragmatic approach to the situation.

The Soviets also adopted a conservative approach in regard to the relationship. Soviet policy was also tempered by the ideological differences between the governments.

Moscow realized that the junta was basically a right wing anti-communist government which had allowed the establishment

of relations because of economic, and not political reasons.

The gestation of this relationship into a significant political friendship would have been difficult for the Soviets to rationalize in an ideological sense.

In conclusion, the relationship which existed between the Soviet Union and Argentina at the time of the Falklands conflict was primarily economic. This relationship was characterized by a conservative, pragmatic approach on the part of both nations. The question of whether the Soviets would consider their economic interests in danger as the result of the conflict was important in attempting to assess the possible Soviet reactions to the conflict. The Soviet reaction to the Falklands conflict will be discussed in detail in Chapter IV.

IV. THE SOVIET REACTION

A. THE INITIAL RESPONSE

In an ideological sense, the fact that Secretary of State Haig was unable to avert a shooting war through his shuttle diplomacy efforts, should not have come as a surprise to the Soviets. Indeed, their own military doctrine maintains that one type of modern warfare, the imperialistic war, is undertaken by imperialists for the purpose of seizing or retaining colonies. [Ref. 19: p. 224] From the Soviet point of view, it made sense that the British had to engage in a shooting war in order to maintain their imperialist interests.

It is interesting then, to note that the Soviets seem to have been taken by surprise by the Argentine invasion of the Falklands on the night of 1-2 April 1982. This surprise was characterized by two phenomena: First, a display of Soviet indecisiveness in the United Nations, and second, by initial reports in the Soviet press, which were exemplified by a philosophical approach.

On April 3, the Soviets abstained on United Nations
Security Council Resolution 502 which demanded Argentine
withdrawal from the islands. This abstention is reflective
of Soviet surprise in the matter. In light of the position
which the Soviets adopted in the following weeks, they would
have been more effective if they had voted no on the measure
at this time.

Some initial Soviet press releases took on a philosophical tone, which exemplified an unsure attitude toward the situation. One Soviet journal observed that this "strange war" showed how "unreliable and fragile is the peace which exists on earth." [Ref. 20: p. 47]

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Although the initial Soviet press releases reported developments in the South Atlantic in a fairly accurate manner (see Appendix A for a complete chronology of events), the Soviets did not miss the opportunity, to criticize the Reagan administration. A TASS news release on 3 April accused the U.S. of implementing aggressive policies in Latin America. TASS pointed out that support of the "anti-people junta" in El Salvador, and hostile intentions against the regimes of Nicaragua and Cuba are proof of these aggressive actions. In addition, TASS noted that Reagan's policies had "triggered off a massive protest movement mounting all over the world, including the United States itself." [Ref. 21: p. K 4]

These accusations of the institution of aggressive policies were tied to the Falklands scenario by the Soviets within the first few days of the crisis. TASS reported that the United States gave Britain the "green light" for military action in the Falklands. In addition, Krasnaya Zvezda (Red Star), reported early in April that the United States was trying to exploit the dispute between Argentina and Great Britain. The reason for this was that the Pentagon desired to create its own military base in the islands. From this

theoretical base it would be possible to: "...control access routes to the Antarctic, communications between the Pacific and Atlantic Oceans, and also the entire South Atlantic zone as far as Africa." [Ref. 22: p. K 1]

One of the initial approaches taken by the Soviets then, was to extend the Reagan administration's anti-communist (and therefore anti-progressive in Soviet eyes) policies to the Falklands. Since Reagan had already pursued aggressive policies in Latin America, it was only a matter of applying this Soviet logic to any scenario. Realizing that Reagan was in a difficult diplomatic position, the Soviets took the early propaganda initiative.

In an ideological sense, the Soviets maintained that the Argentine/British quarrel over the islands was based in exploitive capitalism. The waters around the islands, according to Soviet newspapers, contained a tremendous amount of oil reserves. The British only wanted to hang on to the islands in order to exploit these oil deposits. The Soviets stated that there was more oil in the Falklands then there was in the North Sea. Indeed, in a broadcast to Latin America on 15 April, Moscow reported that the Falkland oil reserves were estimated to be 200 billion barrels! [Ref. 23: p. DD 2] In addition, the Soviets argued that the British wanted to maintain control over the islands in order to exploit mineral deposits in the Antarctic region.

These accusations of exploitive behavior are characteristic of Soviet ideological beliefs. The historical background of the struggle for the islands provided a scenario which allowed Soviet ideology to fit in nicely. Since capitalists are exploitive, and they need colonies to provide them with markets and raw materials, the British desire to maintain control over the islands was quite clear. The British were simply following the capitalist behavior pattern of exploitation. It is up to the socialist (or progressive) peoples of the world to end this exploitation.

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In regard to this colonialism tack, the Soviets maintained that the British, by sending a battle group to the islands, were preparing for an act of aggression against Argentina. In view of the United Nations position of supporting decolonization, an act of violence perpetrated by the British in order to regain control of the islands, would be counter to the will of the majority of the world's people. While the Soviet press accused the British of "imperial chauvinism," readers were always reminded that the Soviet Union favored a peaceful settlement to the crisis.

If the British were being aggressive in an imperialistic sense, then the greatest imperialist power, the United States, must also have interests involved in the outcome. The Soviets suggested that Haig's shuttle diplomacy mission was only a cover for further Anglo/American cooperation. The United States was not only interested in establishing bases in the

area, but the Falklands were to be used as a strategic center of operations for a new treaty organization. This organization, called SATO (South Atlantic Treaty Organization), would include among its members, the United States, Britain, South Africa and Chile. The purpose of this organization would be to control sea lanes in order to assure domination of this ocean area during a conflict. The Reagan administration's offers of mediation in the struggle, were described only as attempts to increase U.S. influence.

Another point which was made by the Soviets during the early portion of the conflict was the fact that the United States and Argentina were both signatories of the Rio Pact. This treaty, known as the Inter-American Treaty of Reciprocal Assistance, was signed in Rio de Janiero in September 1947. The purpose of the treaty was to "assure peace, through adequate means, to provide for effective reciprocal assistance to meet armed attacks against any American state." [Ref. 24: p. 172] The Soviets pointed out that if the Argentines requested support from the United States, that the U.S. would be forced to take up arms against Britain.

While the Soviets were correct in maintaining that both the United States and Argentina were signatories to the treaty, the Rio Pact does not force a state to utilize military assistance in the event of a request for aid. Article 20 of the Pact stipulates that: "...no state shall be required to use armed force without its consent." [Ref: 24: p. 176]

Despite this portion of the treaty, nothing would have suited Soviet interests more than to have the Argentines make a formal aid request to the United States. This would have put Reagan in an even more difficult diplomatic position. A formal aid denial to a fellow treaty signatory would have implications for other U.S. allies (including NATO). Without question, the Soviets would have exploited such a scenario to maximize propaganda benefits. Without question, the Soviets would have utilized this scenario to emphasize the fact that the United States was a distrustworthy alliance partner.

Another point which the Soviets made during the early portion of the crisis had to do with the Chilean support for Britain. Emphasizing the ongoing struggle between Chile and Argentina over the Beagle Islands as motivation, the Soviets maintained that the Chilean "military-fascist junta" would militarily aid Britain. This aid would include the dispatch of Chilean naval units to Argentine waters and allow the British to utilize Chilean port facilities at Punta Arenas in the Strait of Magellan (see Figure 2).

The Soviets, describing this support as "the Chilean knife in the back," [Ref. 22: p. K 2] were taking this opportunity to criticize Pinochet's Chilean regime. Pinochet had led the September 1973 coup in Chile which resulted in the downfall of Salvador Allende, the constitutionally elected socialist. For this reason, the Soviets regarded Pinochet with disdain, and as an impediment to progressive forces.

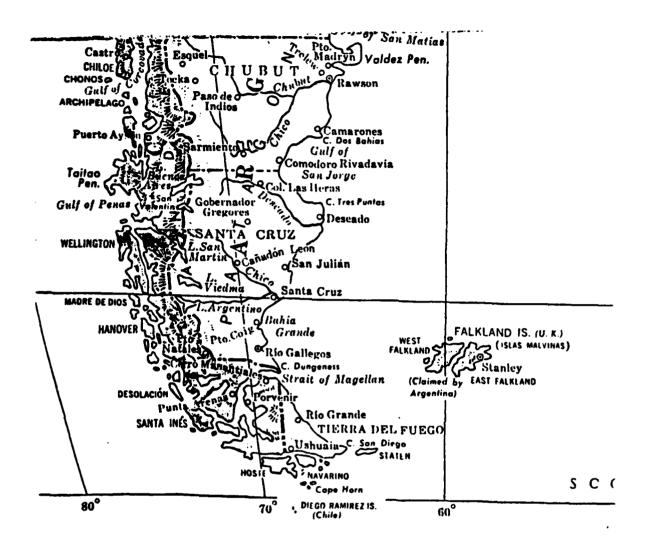


Figure 2. Punta Arenas and the Strait of Magellan

From this viewpoint, it made sense that Pinochet's reactionary regime, would assist the imperialistic British.

As the British battle group sailed toward the Falklands, the Soviets pointed out that despite U.S. claims of being a neutral mediator, Reagan was actually providing assistance to the British. This aid included the staging of large quantities of fuel at Ascension Island, and the utilization of satellite intelligence and communication capabilities. This tied the Soviet initial propaganda campaign together. The United States was betraying Argentina (because of lack of support under the Rio Pact), and aiding an aggressive colonial power. It was only natural for reactionary nations such as the United States and Chile to assist Britain in a violent action in order for her to retain her colonies.

In summary then, although their initial reaction to the conflict seemed to be one of surprise, the Soviets rapidly launched a propaganda campaign which criticized both Britain and the United States. The historical background of the Falklands fit neatly into an ideological context for them. While pointing out that the British intended to use force in order to recover the islands, the Soviets reiterated that they favored a peaceful solution. They attempted to increase their influence in the area by broadcasting their propaganda to Latin America in Spanish.

As the situation developed, it seemed that the Soviets were destined to make gains in the area. When it became clear

that a peaceful solution was not forthcoming, and Reagan declared support for the British, the Soviet position seemed secure: The British were going to have to use force to regain the islands, and the United States was supporting them. It was a simple approach, the capitalists were utilizing violence, while the socialist world favored a peaceful solution.

B. THE IDEOLOGICAL APPROACH

1. Reiterated Themes

On 17 April TASS reported that Britain was in a state of "militaristic hysteria." [Ref. 25: p. DD 1] It was also reported that while the British were going to use force to achieve their goals, the Argentines still favored a peaceful solution. Press releases like this illustrated the approach which the Kremlin had decided to pursue in this situation. The Soviets had decided to utilize an intense propaganda campaign in order to increase their influence. They saw a prime opportunity to influence world opinion by simply maintaining the "peaceful solution" approach, and by criticizing Britain's imperialistic overtures. The purpose of this section of the study is to analyze the various propaganda approaches which the Soviets utilized in order to increase their political influence in the area.

As the British fleet closed the disputed area, the Soviets reported that the British were aggressively

intensifying their preparations for war. It was reported that exercises were being held continuously by the battle group in order to show the "mailed fist." The context in which these reports were written insinuated that the British had only military options in mind, and that the Thatcher government had no intention of pursuing a peaceful solution.

While the Soviets followed the progress of the battle group with much interest, they also reported on the British domestic political scene. The Kremlin leadership, while praising leftist Labourites for attempting to convince Thatcher to find a peaceful solution, unleashed an intense propaganda attack upon the Conservative government. Indeed, Thatcher was accused of setting Britain up on a wave of: "chauvinistic fervency and militaristic psychosis, which is being fanned by the ruling circles of Britain..." [Ref. 26: p. DD 1]

Soviet attacks upon the Thatcher government, while on the other hand praising her opposition, indicate a crude attempt on the part of the Soviets to interfere with Britain's internal political situation. The Soviets hoped that their public statements would help to deepen any rift which existed between the two British factions. Unfortunately for the Soviets, their statements about the Falklands creating a state of "fervency" within Britain were not far off the mark. The crisis did indeed result in a high level of nationalistic pride within the country which precluded the success of any foreign attempts to manipulate their internal politics.

When the British campaign to recapture South Georgia Island began on 21 April, the Soviets reported from Moscow that: "The British Conservative Government has moved on from threats to military action." [Ref. 27: p. DD 1] In addition the same old themes appeared in the Soviet press. This aggressive military action was an attempt to return Britain to the glory days of empire. It was also the lack of flexibility within the Thatcher government which had allowed the shooting war to begin. In a theoretical sense, it was inevitable that war would have begun, because Britain was an imperialistic power.

On 27 April, a radio broadcast from Paris reported that the Soviet Union had informed Argentina that it would "take measures to ensure that the Falklands would not return to their colonial status under Britain..." [Ref. 28: p. DD 3] Although no description of what these measures might be was given, this marked a hardening of the Soviet line in regard to the conflict. Up until this time, the Soviets had followed a neutral policy which honored a peaceful settlement.

It is questionable as what "measures" the Soviets were alluding to. They had still not endorsed the Argentine invasion of the islands, and their propaganda campaign was still (and remained) more anti-U.S. and Britain than pro-Argentine. Although rumors of different types of Soviet aid to Argentina persisted at this time, the reality of the situation points to this being more propaganda which the Soviets hoped would further destabilize the situation.

On 30 April, Haig's shuttle diplomacy mission was formally declared a failure, and the Reagan administration announced decisive support for Britain. In a basic sense, Haig had been foiled by a Catch 22 scenario. The Argentines would not agree to negotiate a peaceful agreement unless the British fleet was turned back, and the British refused to turn back their fleet until the Argentines left the Falklands. Haig admits in his book <u>Caveat</u> that his failure to negotiate a peaceful settlement in the Falklands was crucial in his later resignation as Secretary of State.

The decisive support given by Reagan to the British proved to the Soviets the correctness of their initial approach. The United States had been secretly supporting Britain throughout the crisis under the pretense of neutral mediation.

Reagan had finally "come clean" and allowed the true U.S. motivations to be seen. Once again the basic theme was reiterated: The U.S. supports an aggressive power while the Soviet Union supports a peaceful solution.

According to the Soviets, Reagan's position was also indicative of NATO interests in the area. In a radio broadcast on 1 May, Moscow charged that an upcoming meeting of NATO defense ministers would discuss aid to Britain: "The NATO alliance is assuming the role of a defender of neocolonialists and is trying to extend the sphere of its aggressive activity beyond...the North Atlantic." [Ref. 29 p. DD 5] This approach fit in nicely with earlier Soviet

accusations that the United States was going to utilize the islands as the major base for a South Atlantic Treaty
Organization. With both a NATO and a "SATO" the United States could control the entire Atlantic region.

2. War Reaction

Despite the earlier reports that the Soviets had promised to take actions which would preclude the return of the islands to Britain, the advent of the shooting war did not drastically affect the Soviet position. They continued their propaganda campaign, and still maintained that: "The dispute should be settled by peaceful means, without resorting to force. Such is the Soviet stand..." [Ref. 30: p. DD 2] Although most of the propaganda tactics remained unchanged, the intensity of the criticism shifted in various areas.

One such area was the "message" that the Soviets claimed the Reagan administration was sending developing countries by backing the British. The Soviets maintained that: "...(the Falklands) conflict is stripping away the propaganda camouflage from those people in the West who pretend to champion the developing countries." [Ref. 30: p. DD 6] By blatantly backing the British, the Reagan administration was demonstrating to the world its acceptance of colonialism. This endorsement of colonialism proved to the developing nations that they could not expect the United States to assist them in any positive manner.

Another tactic which the Soviets utilized was an attempt to drive wedges into the Common Market and NATO. On 7 May a Soviet television broadcast announced that the Common Market countries of Western Europe were no longer sure that Britain was pursuing an "appropriate" policy in the South Atlantic. In addition, it was stated that certain Western European nations, specifically Ireland, the FRG, and Italy no longer supported Britain's prolongation of sanctions against Argentina. The Soviets maintained that the nations which no longer supported the violent British approach had finally come to their senses.

The Soviets applied this tactic of attempting to take advantage of a perceived rift between western allies to NATO as well. In response to British Defense Secretary John Nott's statement that a backing down by Britain in the Falklands would only encourage Soviet expansionism, the Kremlin stated that the threat of the Soviet "bugbear" was used only in an attempt to maintain alliance cohesiveness. The Soviets went on to say that Britain's allies in Europe were finding the Falklands developments so revolting, that Britain would soon face isolation in Europe. [Ref. 31: p. DD 2] Since one of the major Soviet goals in Europe since World War II has been destabilization of the NATO alliance, it is not surprising for them to fan the fire on this issue. If their comments or related diplomatic actions, could stimulate disagreements between the allies, then it would have been to their benefit.

while the Soviets continued their attempts to manipulate the opinions of Britain's European allies, they also launched a renewed campaign to clarify their position in regard to the war. Despite the fact that for weeks they had stated over and over, that they supported a peaceful solution (as Argentina also advertised), they had been criticized by the Argentine regime for abstaining on the U.N. resolution of 3 April which demanded Argentine withdrawal. The junta believed that the Soviets should have voted against the measure in order to appear supportive of the Argentine position. The Soviet rationalization for this decision was presented during a Soviet broadcast in Spanish to Latin America on 11 May.

The Soviets reported that had they opposed the resolution, it could have been construed that they did not support a peaceful settlement. The broadcast continued by reporting that the Soviet position reflected the solid principles of Soviet foreign policy, in that the Falklands must first be decolonized in accordance with previous U.N. postures, and that the dispute must be settled in a peaceful manner.

While maintaining this position throughout the shooting war, the Soviet propaganda campaign began to concentrate on several recurring themes: First, whenever there was a large number of casualties such as in the General
Belgrano incident, or an escalation in the action as in the

21 May San Carlos landings, the Soviets would always reiterate through the media that the only reason the British were able to carry out their missions was because of the support given by the United States, and in particular, President Reagan.

When a British ship was lost or damaged, or the British took casualties, the dead were described by the Soviets as innocent victims of an imperialistic government. In addition, when it became clear that to the Soviets that their tactic of attempting to drive a wedge into NATO was not working, Moscow began relating events in the South Atlantic to NATO. For example, the British, with the help of the United States were simply expanding NATO's zone of influence to include that area. This was, Moscow reported, characteristic of the same type of aggressive behavior which NATO had been displaying in Europe for years. In addition, NATO was utilizing the Falklands War for experimentation of new weapon systems.

Another theme, and perhaps the most important one which the Soviets concentrated on during this time, was that U.S. policy had severely undermined Reagan's diplomacy efforts in Latin America. The Kremlin maintained that the Falklands War was not simply a conflict between Argentina and Britain, but more importantly, a conflict between Latin America and the United States. Soviet broadcasts noted that Reagan's policy simply reiterated the aggressive and unfair U.S. behavior toward Cuba and Nicaragua. In addition, the U.S. subjugation of Puerto Rico and the Virgin Islands are clear examples of U.S. imperialism.

The Soviets also emphasized that the Rio Treaty and the Monroe Doctrine were simply tools which the United States had used in the past in order to maintain its hegemony in the region. One Soviet journalist noted that "President Monroe would spin in his grave" if he saw how the current administration was applying this doctrine. [Ref. 32: p. DD 6]

As evidence to support their claims of alienation of Latin America by the United States, Moscow pointed to the fact that only two out of the usual eight South American nations had agreed to participate in Unitas, the annual training exercise conducted in South American waters. In reality, although only Columbia and Chile participated, Peru, Uruguay and Brazil allowed U.S. ships to visit their ports.

When the Argentines finally surrendered Port Stanley on the 14th of June, the Kremlin maintained that nothing had actually been achieved by a British military victory. The Falklands remained a colony, and therefore the problem was still in need of a final solution. [Ref. 33: p. DD 1] The Argentines, who blamed Britain's military superiority upon aid received from the United States, stated that they still intended to pursue a peaceful solution to the problem. The fact that Port Stanley had been lost did not mean that the struggle was over.

In addition to outright criticism of Britain for pursuing a military solution, the Soviets pointed out several examples of British irresponsibility during the campaign. One

example of this approach is the fact that the Soviets reported that the Sheffield was sunk with nuclear weapons onboard. According to a report in Literaturnaya Gazeta, it was only a matter of time before the salt water ate through the protective coverings and the nuclear materials were exposed to the sea. The results of this would be the contamination of all fish in the area, and the resultant transfer to human populations via the fishing industry. How could the British be so irresponsible? [Ref. 34: p. DD 1]

In summary, the primary objective of the massive propaganda campaign pursued by the Soviets throughout the Falklands War was to alienate Argentine and Latin American populations from the United States. It almost seemed that the Soviets were saying to the Argentines that they were not fighting the British, but were fighting the Americans. Throughout the crisis, the Soviets took advantage of every development possible in order to degrade the United States, Great Britain and, in a more general sense, NATO.

Although the Soviets claimed that: "The penetration of the aggressive NATO bloc to the South Atlantic is fraught with serious consequence...for the whole world. [Ref. 35: p. K 1], the effectiveness of their campaign in actually swaying opinion, or effecting influence gains for them is in doubt.

C. OTHER SOVIET MEASURES OF INVOLVEMENT

It has been maintained throughout this chapter that the primary Soviet approach to the Falklands crisis was an attempt to influence world opinion through the utilization of an intense propaganda campaign. There were however, more concrete possibilities of Soviet involvement. The fact that the economic agreements between the Soviets and the Argentines had included the exchange of some military personnel for training purposes, is an example of a situation which the crisis could have further stimulated.

While the chances of actual Soviet military intervention were slim, it should be noted that this unique North-South scenario provided many possibilities. The existent economic relationship which was discussed in Chapter III, provided the background for much speculation in the U.S. press.

An important factor which must be considered when discussing the possibility of increased Soviet involvement is the relative instability of the Argentine government. As the British fleet approached the islands, Galtieri began to get more desperate. Haig was informed by Argentine officials of a possible deal with the Soviets whereby the British carrier Invincible would be sunk by a Soviet submarine and the Argentines would take credit. [Ref. 1: p. 281] There is no hard evidence however, to support this conjecture.

Despite offers of Soviet aid, and threats of Argentine acceptance, the true attitude of the junta toward the Soviet

Union emerged with the outbreak of the shooting war. All three junta members made conclusive anti-Soviet statements to a U.S. diplomat during the last negotiating session. According to General Lami Dozo, the junta's air force representative, the Soviets had "offered military equipment and assistance at low prices--but money is only part of the price, and Argentina will never pay that price." [Ref. 1: p. 294] An examination of this evidence suggests then, that Argentina never intended to accept Soviet military aid. Any threats of accepting Soviet aid by the Argentines, were made in order to gain leverage with the United States vis a vis Britain.

It should be noted here that the extent of the Soviet offers are in question. The junta was basically anti-communist in orientation, and therefore not readily susceptible to Soviet ideological advances. If the junta had accepted Soviet military aid, an already complicated ideological situation would have become even more so.

One area of controversy during the crisis dealt with Soviet intelligence aid being given to the Argentines. While the Soviets were highly critical of U.S. assistance to Britain, there is little doubt that they provided, or offered to provide some sort of intelligence aid to the Argentines as the British fleet sailed toward the Falklands. The Soviets launched 7 ocean surveillance satellites during the crisis, including two nuclear-powered radar birds. The launch rate for this period was higher than any other in history during

this time of year. [Ref. 36: p. 16] In addition, the British warned off Soviet intelligence gathering ships during the transit to the islands.

While the opportunities for increased Soviet involvement seem to have been present during the Falklands scenario, the concrete evidence is not. The fact that the Soviets never endorsed the Argentine invasion of the islands is critical. The propaganda war which the Soviets waged against the United States and Britain is characteristic of Soviet policy not only in this case, but in many others as well.

In summary, the conclusions which can be drawn from this chapter are obvious. The Soviets utilized an ideological approach in an attempt to increase their influence in Latin America at the expense of the United States. While they may have attempted to exploit and expand the existing economic relationship with Argentina in a political and military sense, these efforts were deferred by an ideological "sticking point" between the two governments.

V. CONCLUSIONS

At the begining of this study it was asserted that the Falklands War, and the subsequent decisive backing of Britain by the Reagan administration, ostensibly afforded the Soviets an opportunity to increase their influence in Argentina. Most certainly the complex and sometimes confusing history of the Falklands provided the Soviets with the foundation for the anticolonialism propaganda attack which they unleashed during the war. The violent events which resulted in the British repossession of the islands in 1833, provided the Soviets with the hard evidence on which to base their campaign.

Another factor which made this approach seem logical to them, was that they could use the United Nation's decolonization policy as a framework for legitimacy. While it can be argued that the Falklands were certainly in a colonial status at the time of the Argentine invasion, the question of exploitation, which according to the Soviets accompanies colonialization, is questionable. The primary British argument in regard to maintaining sovereignty over the islands was that of the right of self-determination of the islanders themselves. The fact that the islanders wished to remain under British jurisdiction vice Argentine, diminishes the Soviet exploitation argument.

In addition, the propaganda approach appeared to be a "safe" policy to the Soviet Union. When it became clear that the Argentines were not serious about accepting Soviet aid (at the Soviet price), Moscow simply continued to follow the same policy which had been initially pursued. By taking the position of advocating a peaceful solution, and after the outbreak of a shooting war, a cease fire, the Kremlin hoped to demonstrate the inherent superiority of their social and ideological system.

The fact that the Soviets had other "higher priority" foreign policy problems such as Poland and Afghanistan to contend with at the time, also made a propaganda approach seem logical. Like the United States government, the Soviet also has global interests, and it must temper its actions in local scenarios with its perception of the effects on the global situation. In a realistic sense, the only interests which the Soviets had in the area were economic. In spite of the war, the Kremlin did not perceive its economic interests to be in danger. In fact, shipments were suspended during the conflict in order to preclude accidental escalation. In the final analysis, both the Soviets and the Argentines displayed a high degree of pragmatism by separating the political from the economic.

Despite the existent economic ties, there is a question of just how involved the Soviets wanted to become in a political or perhaps even military sense. It is clear that the Soviets do not like to be associated with a "loser," for fear of losing respect in the Third World. The Soviets must have realized, that in the event of a shooting war, the chances of an Argentine victory were slim. This is a primary reason why Soviet propaganda was so much anti-U.S. and Britain, and not very pro-Argentine. From their abstention on the 3rd of April onward, they never decisively supported the Argentine "recuperation" of the islands.

While the Soviets may not have publicly endorsed the Argentine actions, there is little question that they did offer the Argentines intelligence aid. The quality of the product which was offered however, can be questioned. Would it be rational for the Soviets to offer their best intelligence products to a basically anti-communist regime? Since all collected information would have had to first go back to the Soviet Union for analysis, and then decisions made about what to forward to Buenos Aires, leaves the real time value of the products in doubt.

Basing assumptions upon the number of intelligence satellites launched by the Soviets during this time is faulty as well. It must be remembered that the Soviets were highly interested observors of this conflict. This war was the first time that new, highly sophisticated anti-surface ship weapons were used under actual combat circumstances. The Soviet navy had made a large investment in the development and production of similar type weapons. Therefore they were quite interested in the performance of these weapons, in a pragmatic way. It can be argued that the presence of these satellites were for Soviet data collection requirements vice intelligence sharing missions for the Argentines.

This aid controversy can also be approached from another position. The fact that the Argentines did not chase Soviet aid at the Soviet price, illustrates two things: First, that even though offers were made, the Argentines really only threatened to accept them in order to gain leverage vis a vis the United States. By threatening to turn to the Soviets, Galtieri hoped that he could convince the Reagan administration to pressure the Thatcher government into agreeing to a pro-Argentine outcome. Second, and from a theoretical point of view, the Falklands crisis highlighted the fact that alienation by one superpower, in this case the United States, does not necessarily result in gravitation to the other. The international structure is not such a tight bi-polar one that a weaker power (such as Argentina) must always be in orbit around one of the superpowers.

The last point is most important. Although the United States alienated most of Latin America by supporting Britain, and the Soviets launched a great propaganda campaign to exploit the situation, these nations were not driven to the point of actively seeking Soviet aid. Nor did they allow the Soviets to increase their influence in the area.

It can be concluded then, that the Soviets failed to increase their influence in Argentina and other portions of Latin America as a result of the Falklands crisis. The fact that most Latin American countries abhor the idea of dependence upon the United States, may have been missed by the Soviets. Any type of dependence upon the Soviet Union would have been looked upon with a similar amount of disdain. Despite the large amount of protest which was created as a result of U.S. policy during the crisis, these nations were not prepared to allow the Soviets increased influence.

The Galtieri government, as the result of a plethora of miscalculations, was doomed to failure over the Falklands crisis. Although he was able to separate economic and political dealings with the Soviets during the crisis, his decision to recapture the Falklands by force was unrealistic. The primary motivational factor for the Argentine invasion was nationalism. Indeed, it was this very factor of nationalistic pride which precluded the Soviets from making gains as a result of their ideological approach.

The basic conclusion of this study, that despite an "opening," the Soviets were unable to increase their influence in Latin America, can be best stated by the following comment made by a high-ranking Argentine official during the crisis:

"...we'd rather die with our boots on and mouths open than win with Soviet help." [Ref. 20: p. 51] Those in the U.S. press who reported that Reagan had opened the door wide for

the Soviets by backing Britain did not take into consideration that Galtieri, and other Latin American leaders as well, knew the price of Soviet aid, and that they were not willing to pay it.

In a general sense, Soviet policy options in this case were limited. Despite Soviet allegations that there is no place in the world where their policy does not have an impact, the effects of their policy in this case were minimal. It should be noted that Lenin's concept of "geographical fatalism," which maintains that long distances at times precludes the effective implementation of Soviet policy, still has creditability. The Soviets chose the propaganda approach because, in a realistic sense, there was little else outside of a direct military confrontation, that they could do.

APPENDIX A

CHRONOLOGY OF EVENTS

| DATE | EVENT |
|----------|---|
| 2 April | Argentines invade the Falklands |
| 3 April | United Nations pass Resolution No. 502 demanding Argentine withdrawal |
| 5 April | British carrier group sails from Portsmouth (for a map of distances see Figure 1.) |
| 7 April | Reagan approves Haig's shuttle diplomacy peace mission |
| 8 April | Haig arrives in London |
| 9 April | British commando brigrade sails onboard <u>Canberra</u> / EEC approves economic sanctions against Argentina |
| 10 April | Haig arrives in Buenos Aires |
| 12 April | Maritime exclusion zone goes into effect around Falklands / British submarine Spartan is on station off Port Stanley / Haig returns to London |
| 14 April | Argentine fleet leaves Puerto Belgrano / Haig returns to Washington to brief Reagan |
| 15 April | Haig back in Buenos Aires |
| 17 April | Haig presents Argentine junta with 5 point plan, it is debated |
| 18 April | The Argentine aircraft carrier returns to port with engine trouble |
| 19 April | Argentine response to Haig is passed to London |

| 21 A | april | British campaign to recapture South Georgia Island commences |
|------|---------|---|
| 22 A | april . | British Foreign Secretary Francis Pym travels to Washington with the response to Haig |
| 25 A | pril | South Georgia is recaptured |
| 27 A | april | Haig's "final package" is sent to London |
| 29 A | april | British task force arrives at exclusion zone |
| 30 A | pril | Total exclusion zone goes into operation (for a map of exclusion zone area see Figure 2) / Haig mission a failure / Reagan declares U.S. support of Britain, promises material aid. |
| 1 M | lay | Shooting war begins for recovery of Falklands / Pym returns to Washington as "ally" |
| 2 M | lay | Argentine cruiser General Belgrano sunk on orders from the British War Cabinet |
| 3 M | lay | Galtieri rejects a Peruvian peace plan: cites <u>Belgrano</u> |
| 4 M | lay | Sheffield sunk (for a map of approximate positions of ships sunk see Figure 3) / first Sea Harrier shot down |
| 6 M | lay | Two Harriers crash in fog · |
| 7 M | lay | Total exclusion zone is extended to 12 miles off Argentine coast |
| 8 M | lay | British dispatch landing force South from Ascension |
| 9 M | lay | Final plans drawn up for Falklands landing |
| 12- | 18 May | British continue to consider landing plans / Junta rejects British peace proposals |

| 19 | May | War cabinet gives the go ahead for the landing |
|----|-------------|---|
| 20 | May | Thatcher tells Commons of Argentine rejection of peace proposals |
| 21 | May | San Carlos landing begins (see Figure 4) / HMS Ardent sunk, 16 Argentine aircraft destroyed / An open debate commences in the United Nations Security Council |
| 23 | May | 7 Argentine aircraft lost |
| 24 | May | HMS Antelope sunk |
| 25 | Мау | Coventry and Atlantic Conveyor sunk |
| 26 | May-10 June | Numerous land battles take place / Various peace plans fail |
| 11 | June | Battle of Port Stanley begins |
| 14 | June | Argentines surrender at Port Stanley / War basically over |

This Appendix, including figures was compiled by the author from The Battle for the Falklands by Max Hastings and Simon Jenkins and Lessons of the Falklands published by the U.S. Department of the Navy in February 1983.

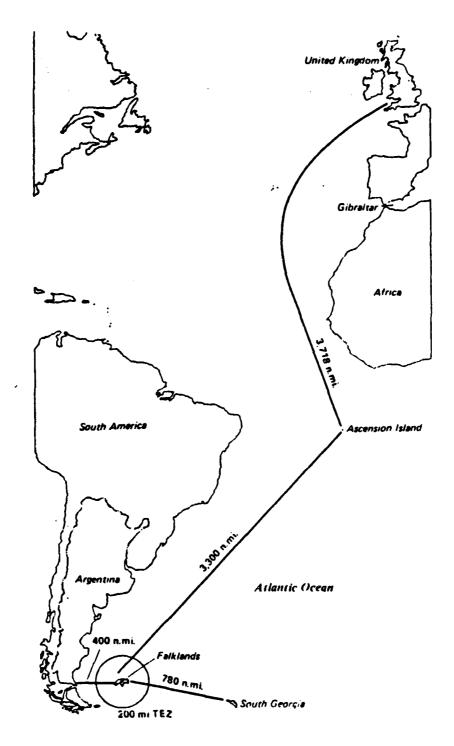


Figure 1: British transit route to the South Atlantic

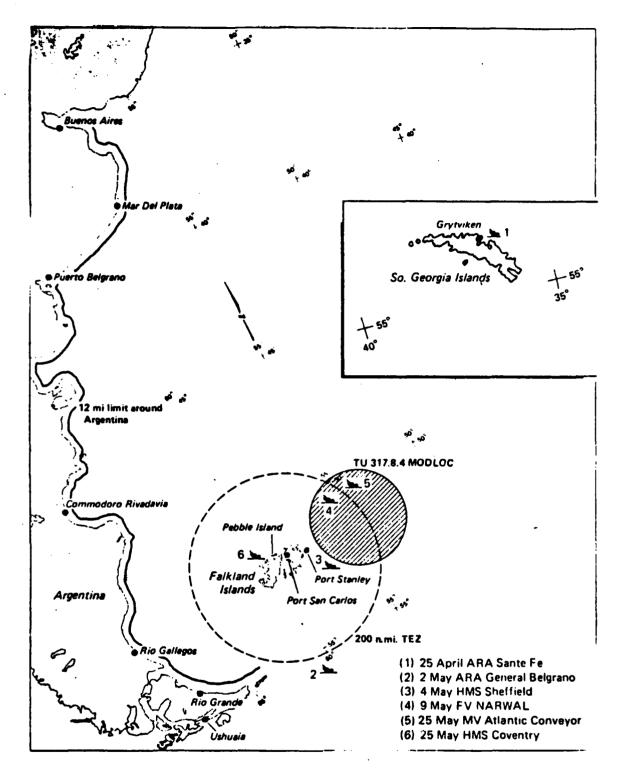


Figure 2: The exclusion zone and the battle group fixed operating area.

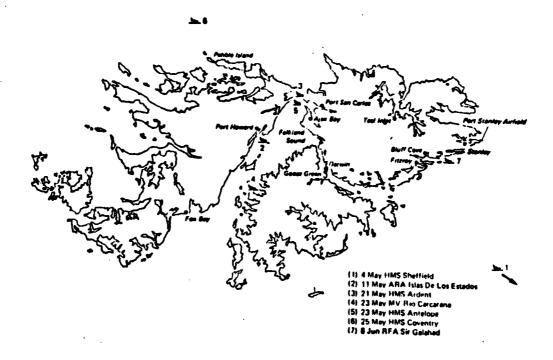


Figure 3: Approximate locations of ship sinkings

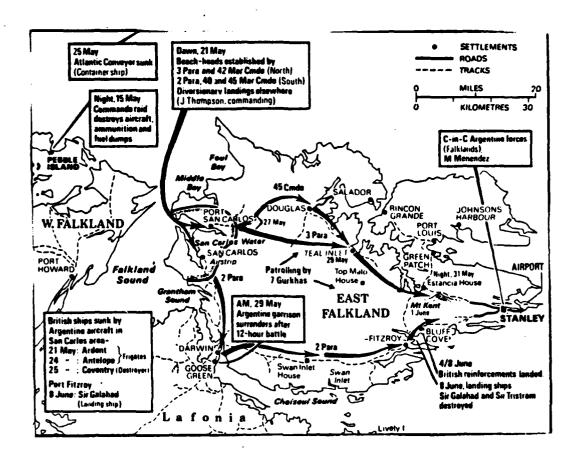


Figure 4: The land war

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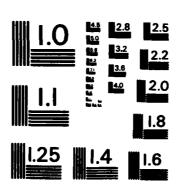
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